

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2019/2020

**BAC2654 – PUBLIC SECTOR ACCOUNTING**  
(All Sections/Groups)

18 OCTOBER 2019  
9.00 a.m – 12.00 p.m  
(3 Hours)

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### INSTRUCTIONS TO STUDENT

1. This question paper consists of 2 pages with 1 section.
2. Attempt ALL questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

**QUESTION 1**

Under the Federal Constitution, there is a clear separation of financial powers between federal and state governments. The Federal Constitution in Part III of the Tenth Schedule provides a list of revenues assigned to state governments.

- (a) Describe the Federal and State Revenues as prescribed by Article 110 of Federal Constitution.  
(6 marks)
- (b) Describe **THREE (3)** main categories of statutory grants received by the State Government from Federal Government.  
(9 marks)
- (c) Describe **FIVE (5)** objectives of Accountant General Department in order to improve public sector accountability.  
(10 marks)

(Total: 25 marks)

**QUESTION 2**

The implementation of Outcome-Based Budgeting (OBB) will help to realise the deliverables within set time frames and measurable performance targets announced by the Prime Minister to track progress in each of the key result areas.

- (a) Briefly discuss the principles of designing Outcome-Based Budgeting.  
(8 marks)
- (b) Discuss the monitoring and evaluation under Outcome-Based Budgeting.  
(8 marks)
- (c) Budgeting is centred on the efficient allocation of scarce organizational resources to help achieve strategic priorities and objectives. Explain the component of the budget process cycle.  
(9 marks)

(Total: 25 marks)

**Continued .....**

**QUESTION 3**

According to Jackson and Lapsley (2003), the management accounting innovations in use in the public sector include costing, budgeting and performance measurement tools. Their study reveals that most of the innovations occur in the area of performance measurement with nearly all the public sector organisations using one or more techniques, such as key performance indicators and the balanced scorecard. They also discovered that the use of innovative techniques in performance measurement was high in local authorities and government agencies.

- (a) Explain barriers in implementing performance measurement system in public sector agencies. (8 marks)
- (b) Discuss role of management accounting and skills needed by public sector management accountant in Malaysia. (6 marks)
- (c) Explain the concept of virements and give **ONE (1)** example can be applied under Financial Procedure Act 1957. (5 marks)
- (d) Briefly explain Revenue Growth Grant. (6 marks)

(Total: 25 marks)

**QUESTION 4**

The role of internal auditing can be identified as involving three main elements evaluation and improvement of risk management, control and governance processes. Auditors use tools such as financial audits, performance audits and investigative and advisory services to fulfil each of these roles.

- (a) Discuss the Code of ethics for internal auditor in public sector. (10 marks)
- (b) The audit committee is in-charge of defining internal audit policy on the entire scope of a minister's responsibilities. It also oversees the quality of the risk management system. Explain **THREE (3)** challenges faced by the public sector audit committee. (6 marks)
- (c) External accountability defines situations in which the principal is external to the organization of which the agent belongs. In the public sector, a more focused definition has been adopted in order to understand the particular relationship existing between citizens and public bodies (Sinclair,1995). Elaborate **THREE (3)** types of accountability in public sector. (9 marks)

(Total: 25 marks)

**End of Paper.**